

Taxpayers that conduct businesses at more than one location in the State are required to file a single consolidated return (multi-site return). See 86 Ill. Adm. Code 130.530. (This is a GIL).

August 9, 2002

Dear Xxxxx:

This letter is in response to your letter dated July 29, 2002. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

We are requesting that Illinois AAA hotels that are currently filing a consolidated sales and use tax return under IBT Number # be allowed to file on an individual hotel basis. Up until February 1999, each hotel had an individual IBT number and filed its own sales and use tax returns, hotel occupancy tax returns, and CITY tax returns. The current sales tax staff of AAA, myself included, were not employed by AAA at the time the decision was made to file Illinois sales tax returns under one IBT number, and cannot speak directly to the reason behind the change. However, it is my understanding that this procedure had been mandated by the Board since all liquor licenses for the hotels were held by AAA.

Currently, there are twelve AAA hotels in Illinois, ten of which are included in the consolidated return. The hotels that file consolidated are NAMES. The other two hotels are NAMES. AAA owns or manages these hotels. In some instances AAA has no ownership interest in the hotel, but operates the hotel under a management contract. In other instances, AAA both owns and operates the hotel. AAA owns six of the Illinois hotels: NAMES. AAA owns 50% of NAME, and has no ownership interest in NAMES.

We are requesting a return to the procedure whereby each hotel has its own IBT number and files its own returns in order to streamline the process of reporting sales and use tax and payment of the taxes. Each hotel keeps its own books and records. In all states other than Illinois, the controller of the hotel is responsible for determining the correct amount of tax and remitting the appropriate payment to the state and local taxing jurisdictions. In Illinois, the controller must make the same determination and transmit that information to the corporate office in order to be consolidated with the other hotels and reported in total to the state. However, in order to file timely, the controllers must relay this information to corporate headquarters by the 10th of the month so that we can gather the information for the ST-1's, ST-4's and ST-14's, complete the forms and request payment from our Corporate Accounting Department. Since one payment is made on behalf of all of the hotels, we must account internally for any underpayment or overpayment and adjust the appropriate intercompany accounts.

The end result is that the hotel controllers have an unreasonably short period to close their books for the month, and we have had to devote 4 days of our Senior Tax Accountant's time to consolidating the information and billing back the appropriate amounts.

We have recently completed a sales and use tax audit that was complicated by the fact that we file consolidated. Fieldwork took approximately 6 months to audit all of our hotels.

Each of our hotels is owned by a separate legal entity, and six of our hotels in Illinois are held by outside investors. We have not been able to find any correspondence from the Department of Revenue that mandated the change to a consolidated filing. We respectfully request that each AAA hotel be allowed to file on its own behalf for all sales and use tax and hotel occupancy tax purposes.

If I can provide any other information which would assist you in reviewing our request, please contact me. Thank you for your assistance.

DEPARTMENT'S RESPONSE:

Taxpayers that conduct businesses at more than one location in the State are required to file a single consolidated return (multi-site return). See the enclosed copy of 86 Ill. Adm. Code 130.530. However, separate registrations for such businesses may be allowed by the Department if it is more practicable, from an accounting, auditing or bookkeeping standpoint, for such businesses to be separately registered. See the enclosed copy of 86 Ill. Adm. Code 130.720.

Based upon the description in your letter of the difficulties encountered by your corporation in filing a single return, separate registrations for each of the hotels may fit within the guidelines of Section 130.720 to allow the Department to separately register those hotels. We are forwarding a copy of your request to the Department's Central Registration Division. We recommend that you contact the Department's Central Registration Division at (217) 785-3707 regarding any further information that may be needed to process your request.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.